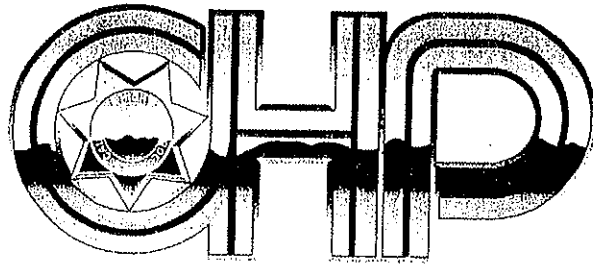


DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF CAPITOL
PROTECTION SECTION**



FINAL REPORT

MAY 22, 2009

M e m o r a n d u m

Date: May 22, 2009

To: Office of the Commissioner

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2008 COMMAND AUDIT REPORT OF CAPITOL PROTECTION
SECTION

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* § 2020, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2008 Command Audit Report of Capitol Protection Section. The audit focused on the command's cash receipts, contracts, evidence, purchasing, reimbursable service contracts, advanced payments for predetermined services, asset forfeiture, fleet operations, and personnel records.

The audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. Capitol Protection Section agreed with the findings and plans to take corrective actions to improve its operations. The command will be required to provide quarterly updates to the Office of Inspections on the progress of their corrective action plan implementation until the command has resolved all deficiencies. Additionally, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, the response, and any follow-up documentation is intended solely for the information and use of the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Protective Services Division, and Capitol Protection Section. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code 6250 et seq.

Safety, Service, and Security

Office of the Commissioner
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May 22, 2009

The Office of Inspections would like to thank Capitol Protection Section's management and staff for their cooperation during the audit. If you need further information, please contact Assistant Chief Ken Hill at (916) 843-3005.


M. C. A. SANTIAGO
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field
Office of Legal Affairs
Office of Inspections ✓
Protective Services Division
Capitol Protection Section

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

*COMMAND AUDIT OF CAPITOL PROTECTION
SECTION*

OFFICE OF INSPECTIONS, AUDITS UNIT

May 22, 2009

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the Department's 2008 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. The Protective Services Division selected the Capitol Protection Section.

The California Highway Patrol's (CHP) 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit scope period covered the twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of fiscal year 2007/08.

Based on the review of Capitol Protection Section's operations, this audit revealed the Capitol Protection Section has complied with most operational policies. However, some weaknesses were observed. The following is a summary of the weaknesses:

Cash Receipts

- Counter receipts are not completed with all required information.

Contracts

- Required forms were not retained for X-number contract files.

Fleet Operations

- Vehicle Allocation (CHP 468) package was not completed or forwarded annually to the Fleet Operations Section.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the Department's operations are efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. The Protective Services Division selected the Capitol Protection Section.

The California Highway Patrol's (CHP) 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the Department in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of fiscal year 2007/08. This audit included the review of existing policies and procedures, as well as examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from August 25 - 29, 2008.

METHODOLOGY

Each Division commander selected one command to be audited regarding their cash receipts, contracts, evidence, purchasing, reimbursable service contracts, and advanced payments for predetermined services. Additionally, the Division commander could select any of the following topics: asset forfeiture, fleet operations, personnel records, and strategic plan reporting. The Protective Services Division commander selected fleet operations and personnel records. When preparing for the audit, and due to limited auditing resources, reimbursable service contracts was reduced to an examination of the Driving Under the Influence Cost Recovery Program and advanced payments for predetermined services was reduced to Wide Load Services. Also, the audit of evidence was limited to guns, drugs, and money. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command. Furthermore, the auditors reviewed prior audit reports and findings.

OVERVIEW

As a result of changing conditions, and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations that may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls works towards preventing or reducing these limitations; moreover, an audit may not always detect these limitations.

This audit revealed the command has adequate operations. Nevertheless, weaknesses were observed, which if left unchecked could have a future negative impact on the command and Department operations. These weaknesses should be addressed by management to maintain the command's compliance with appropriate law, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

Cash Receipts: Review of cash receipts disclosed omissions on the counter receipts (i.e., witness fee deposit; attorney's name, address, phone number; defendant or plaintiff the attorney is representing; subpoenaed employee's name and identification number; court name; case name and number; and a copy of the subpoena with photocopies of the check and counter receipts shall be stapled together and submitted with the weekly transmittal).

Contracts: Drug Free Workplace Certification (STD. 21) and Payee Data Record (STD. 204) are not maintained in the office files for X-number contracts.

Fleet Operations: The annual Vehicle Allocation (CHP 468) package was not completed or forwarded to Fleet Operations Section.

FINDINGS AND RECOMMENDATIONS

CASH RECEIPTS

FINDING 1: Counter receipts were not properly completed.

Condition: Four of the 13 counter receipts and the corresponding transmittal records revealed:

Four counter receipts were missing the witness fee deposits, subpoenaed employee's name and identification number, court name, and defendant or plaintiff name.

Criteria: Highway Patrol Manual (HPM) 11.1, Administrative Manual, Chapter 4, Miscellaneous Sales – Transmittal of Collections.

9. PREPARATION OF CHP 251, COUNTER RECEIPT.

(3) A counter receipt shall be issued for each witness fee deposit received and include the following information:

(a) Attorney's name, address, phone number.

(b) Defendant or plaintiff the attorney is representing.

(c) Subpoenaed employee's name and ID number.

(d) Court name.

(e) Case name and number.

(f) A copy of the subpoena with photocopies of the check and counter receipt shall be stapled together and submitted with the weekly transmittal.

Recommendation: Complete all counter receipts with required information (i.e., witness fee deposit; attorney's name, address, phone number; defendant or plaintiff the attorney is representing; subpoenaed employee's name and identification number; court name; case name and number; and a copy of the subpoena with photocopies of the check and counter receipt shall be stapled together and submitted with the weekly transmittal).

CONTRACTS

- FINDING 1:** Documentation for X-number contracts is not retained in the office file.
- Condition:** Payee Data Record (STD. 204) and Drug Free Workplace Certification (STD. 21) were not contained in the office files.
- Criteria:** HPM 11.1, Administrative Manual, Chapter 23, Delegation of X-Number Contract Authority.

1. GENERAL INFORMATION.

c. Payee Data Record, STD. 204. The State of California requires all parties entering into business transactions that may lead to payment(s) from the state, to provide their Taxpayer Identification Number (TIN). The TIN is required by the State Revenue and Taxation Code, Section 18646, to facilitate tax compliance enforcement activities, and to facilitate the preparation of Form 1099 – Miscellaneous Income, and other information returns as required by the Internal Revenue Code, Section 6109(a). The TIN for individual and sole proprietorships is the Social Security Number.

“...A completed STD. 204, Payee Data Record, must be obtained, at the time of initial service with a vendor or upon expiration of the form, and attached to the invoice prior to forwarding it to Fiscal Management Section (FMS) for payment. The office originating the CHP 78X, X Number Service Order, should retain a copy of the STD. 204, Payee Data Record, for audit purposes.”

5. REQUESTOR’S RESPONSIBILITY.

d. Obtaining a completed STD. 21, Drug-Free Workplace Certification, and STD. 204, Payee Data Record, from a vendor used for the first time.

- Recommendation:** The Area command must retain all supporting documentation for X-number contracts in their office files as required by HPM 11.1, Administrative Manual, Chapter 23, Delegation of X-Number Contract Authority (e.g., STD. 21 and STD. 204).

FLEET OPERATIONS

- FINDING 1:** The annual CHP 468 package was not completed or forwarded to Fleet Operations Section.
- Condition:** CHP 468, Vehicle Allocation, is not completed and forwarded to Division by June 1st of each year.

Criteria: HPM 31.1, Fleet Operations Manual, Chapter 1, Administration.

1. ACCOUNTABILITY AND RESPONSIBILITY.

c. Vehicle Assignment Strength.

(2) All commands shall be responsible for submitting a CHP 468, Vehicle Allocation, (refer to Annex 1-C), along with any CHP 468A, Enforcement Vehicle Shortage Reports, to their respective Divisions by June 1st of each year. Divisions shall then forward their CHP 468, Vehicle Allocation, packages to FOS by June 30th.

Recommendation: The command must complete a CHP 468 along with any CHP 468A to their Division by June 1st annually. The Divisions shall then forward their CHP 468 packages to Fleet Operations Section by June 30th.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures.

ANNEX

A

Memorandum

Date: April 3, 2009

To: Office of Inspections, Audit Unit

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Protective Services Division

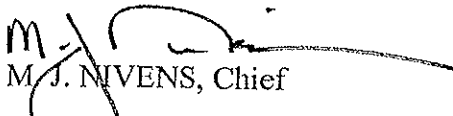
File No.: 025.9261.12150

Subject: PROTECTIVE SERVICES DIVISION REVIEW OF COMMAND AUDIT
FINDINGS-CAPITOL PROTECTION SECTION

Attached is Capitol Protection Section's (CPS) response to "Findings" made by the Office of Inspections (OI), Audit Unit, as a result of an audit of CPS procedures related to Cash Receipts, Contracts, and Fleet Operations conducted in August, 2008. CPS has reviewed the recommendations made by the Audit Unit in its report to CPS dated March 16, 2009. In their response, CPS has summarized actions taken to correct deficiencies.

Protective Services Division has reviewed the "Findings" of the Audit Unit as well as the CPS response to the audit report and proposed corrective measures, and finds them satisfactory to address the identified deficiencies.

Should you have any questions or need additional information please contact Captain Bob Ghiglieri of Capitol Protection Section at (916) 322-3337.


M. J. NIVENS, Chief

Attachments

Safety, Service, and Security

M e m o r a n d u m

Date: March 31, 2009

To: Protective Services Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Capitol Protection Section

File No.: 025.11844.14537

Subject: RESPONSE TO DRAFT 2008 COMMAND AUDIT REPORT OF CAPITOL
PROTECTION SECTION

Capitol Protection Section (CPS) is in receipt of a draft report following an audit of CPS's operational policies and procedures conducted in August, 2008, by the Audit Unit of the Office of Inspections (OI) relating to its "Findings" in an audit of the Section's Cash Receipts, Contracts, and Fleet Operations. CPS concurs with the findings contained in the draft report while also providing additional background to one "Finding" involving Fleet Operation's administrative practices. As requested, the following are CPS's dispositions to the audit findings and proposed corrective actions.

1. Cash Receipts:

Disposition: The CPS Administrative Lieutenant and the Clerical Unit supervisor discussed items listed in the audit report under Cash Receipts where the audit team found incomplete entries on counter receipts. In order to correct these deficiencies, the CPS Clerical Unit supervisor attached supplemental information to the Section's copy of each of the four incomplete counter receipts, including witness fee deposit information, subpoenaed employee's name and identification number, court name, and defendant's or plaintiff's name.

Corrective Action: The CPS Clerical Unit supervisor will provide annual training to all Clerical Unit employees regarding proper information to be included on counter receipts pursuant to Highway Patrol Manual (HPM) 11.1, Administrative Procedures Manual, Chapter 4, Miscellaneous Sales. The Clerical Unit supervisor and Administrative Lieutenant will review all witness fee deposit counter receipts while preparing the weekly CHP 230, *Transmittal Record*, to ensure receipts are completed fully and accurately and a copy of all receipts are stapled to a copy of the check and subpoena for inclusion in the weekly CHP 230.

Safety, Service, and Security

2. Contracts:

Disposition: The CPS Administrative Lieutenant and the Clerical Unit supervisor discussed items listed in the audit report under Contracts where the audit team found inadequate documentation in support of required X-number contract transactions. In order to correct these deficiencies, the Clerical Unit supervisor contacted each X-number contract vendor to obtain a copy of the vendor's STD 204, *Payee Data Record*, and STD 21, *Drug Free Workplace Certification*. As required by policy, these forms will be retained in a vendor information file within CPS.

Corrective Action: The CPS Administrative Lieutenant will direct all CPS supervisors to review vendor information and retention requirements contained in HPM 11.1, Administrative Procedures Manual, Chapter 23, Delegation of X-Number Contract Authority. Upon receipt of a CHP 78X, *X Number Service Order*, the Clerical Unit supervisor will review the local vendor information file to determine if there is an STD 204 and STD 21 as well as other required support documents on file for the vendor listed on the CHP 78X. If not, the Clerical Unit supervisor will ensure completed forms are obtained from the vendor prior to approval of the CHP 78X.

3. Fleet Operations:

Disposition: The CPS Administrative Lieutenant and the Protective Services Division (PSD) Automotive Technician II discussed item(s) listed in the Audit report under Fleet Operations where the audit team found that in June of 2008, CPS failed to complete and submit the annual CHP 468, *Vehicle Allocation* report. The Administrative Lieutenant accessed Division records detailing CPS' history of compliance regarding completion of this form and discovered that CPS last completed a CHP 468 in May of 2007. Division records further indicate that in May of that year, CPS was advised by Collette Maran* of Fleet Operations Section (FOS) that because they viewed CPS as falling under the Headquarters' exception to the reporting requirement, CPS and PSD were exempt from completing this form. PSD's copy of this COMMNET message dated May 27, 2007, reflects two hand written notes, one from CPS Commander, Captain Robert Maynard, and another from Staff Service Analyst (SSA) Judy Sharf confirming Ms. Maran's decision.

Because of the previous direction summarized above, and recognizing that the deadline (June, 2008) for this time sensitive document was past due, CPS will not attempt retroactive compliance but will ensure current and future compliance.

Note: * Ms. Maran was identified in the COMMNET message issued statewide as the contact person for FOS for information and questions regarding completion of the CHP 468.

Corrective Action: CPS's fleet operations are administered by PSD, and the PSD Automotive Technician II generally reports directly to PSD management. The CPS Administrative Lieutenant and the PSD Administrative Lieutenant discussed the audit findings and determined that notwithstanding previous direction from FOS exempting CPS from CHP 468 completion requirements, and to ensure future compliance with HPM 31.1, Fleet Operations Manual, Chapter 1, Administration, all PSD commands will complete a CHP 468, *Vehicle Allocation* report to be submitted to Division no later than June 1st of each year.

In accomplishing the remedial actions outlined above, CPS anticipates coming into full compliance with departmental policy relating to fiscal procedures/practices in the management of Cash Receipts, Contracts, and Fleet Operations. Further, CPS will conduct follow-up, including quarterly reports to the OI Audit Unit, to ensure continued compliance with these and other policies and procedures. CPS will also continue to work diligently with the OI Audit Unit to proactively identify operational areas that can be improved upon, and increase Section's ability to effectively and efficiently provide a full range of departmental services.

If CPS can be of further assistance or provide additional information about our response to the draft audit report, please telephone Lieutenant Allen Stallman at (916) 322-3337.



R. P. GIGLIERI, Captain
Commander

Attachments